

Housing Work Group Report

Recommendations for 2012 Summit

Introduction

The following report is the end-product of the effort and input of many people from all segments and all perspectives of the Rockville community. The Committee consisted of Rockville residents, representatives from several non-profits, Rockville business owners, real estate and mortgage professionals, and developers. The recommendations made are the result of extensive research and in-depth deliberations, coupled with the vast amount of relevant expertise and wide range of perspectives the Committee members brought to bare. There was a very concerted effort to balance the concerns of residents and the challenges growth and development bring to a community with the demographic and economic realities the City faces while creating a realistic housing plan to accommodate those realities.

It is anticipated by the Fuller Report and Rockville Housing Scan that the City will experience significant population growth estimated at 34.6% by 2040. It is also recognized that developable land is limited. Given that reality, redevelopment of low density areas will be critical to Rockville's success. Furthermore, it is believed strict limits and policies that unduly restrict that development will have an adverse impact on the City's ability to compete with the surrounding areas and will have an adverse effect upon its ability to provide the services its residents have come to expect. It is not felt that growth and development should be restricted but rather managed. Simply put, unduly restrict development and growth will not allow for realistic and effective planning. It is, however, believed that development and growth can occur while maintaining the sense of "community" Rockville is known and admired for.

It is believed the development in the surrounding areas not only pose a challenge to the City of Rockville but also creates the opportunity to provide an alternative to excessive growth and development. That alternative is a community that maintains its priorities regarding safety, culture, diversity, the arts, education and accessibility to services and transit. Having said that, one of the greatest challenges Rockville faces is the perception (and reality in some cases) that it is not accommodating to business, growth and development. If the policies the city employs negatively impact development in the housing sector the City must accept the fact that the private sector will ultimately choose to engage business and development elsewhere. This in turn, will lead to the continued aging of existing housing, and will limit and cap City property tax growth. This lack of new development and supply will hurt city revenue, drive housing costs higher and directly impact affordable housing and economic diversity among its residents; something Rockville residents hold dear. The following recommendations are made within this context.

Recommendations

I. Maintain Diversity

The City of Rockville has a strong and ethnically diverse community. According to the 2010 Census the population make-up is 20.6% Asian, 14.3% Latino and 9.6 % African-American. 35% of the City residents were born outside USA. Rockville's senior population is steadily growing and it is projected to increase from 13% currently, to 17% in 2040. The City has also been successful in maintaining economic diversity among its population. It is believed the policies the City has employed in the past have had a significant impact on that diversity. In this section we will be reviewing some of the City's existing policies as they relate to housing. In order to do so, it is important to clearly define the various income levels to which these policies apply.

Low Income-	0%-30% of HUDs Area Median Income (AMI)
Moderate Income-	31%-60% of AMI
Work Force-	61%-120% of AMI

Mixed-income by its very definition does effectively spread affordability through out the City limits. It should be noted that there is a very delicate balance that must be maintained. Too much regulation and "engineering" by policy makers will adversely impact development but it is also understood this is one of the most effective tools Rockville has in influencing economic and social diversity within the city limits (see MPDU section below). In future planning it is believed policy makers should continue to support and encourage community economic diversity by developing defined housing strategies that address each of the three income brackets listed above. These strategies should also promote a variety of housing stock that address special-needs housing i.e. senior housing, housing accessible for people with disabilities, etc.. It is suggested that local civic organizations, non-profits and places of worship may prove to be effective partners in this effort.

II. Senior Housing

Age diversity is an important part of housing diversity. Community based volunteer organizations or non-profit programs can help enable "aging-in-place" by our resident senior population and should receive continued support. We understand that this alone is not enough and that private development can also provide opportunities for Rockville citizens to age in place not just in existing homes but also in mixed-use communities with on-site or nearby services, amenities and transit options. .

By allowing for a range of profit and not-for profit independent and assisted living options, the City can help provide more local housing choices for seniors. Policy makers should encourage development of a variety of housing types to provide housing those choices to senior citizens. Accessory units for seniors in single family may be one option. The committee had in-depth discussions on the current policy for the Special Exception required to both build and convey accessory units to single family homes for seniors/the disabled living with family. It is believed this is a great option in some instances that will allow for “aging-in-place”. Something the committee strongly supports. However, no consensus was reached on the specific issue of whether the Special Exception should automatically convey to a new purchaser. It is recommended policy makers review this issue in more detail.

It should also be noted that Rockville’s senior population makes up a significant percentage of the volunteer work force which has a tremendously positive economic and social impact. An accommodative housing policy for seniors should be given significant consideration. It should be recognized that seniors have different needs and require a variety of housing types and sizes.

III. MPDU Ordinance

One of the most effective tools the City of Rockville currently has in influencing housing diversity is the Moderately Priced Dwelling Unit (MPDU) ordinance. This requires all new residential development exceeding 50 dwelling units to include 12.5% to 15% of total units in each new development to be designated for rent or purchase by Moderate Income Households (earning 60% AMI or less). The MPDU ordinance has been in place for many years with only minor modification. It has been very effective in providing Rockville with a source of housing for its moderate-income population. Changing conditions in the housing market and problems identified by administration of the ordinance have revealed some things that may require change. That ordinance, for instance, contains provision for density bonuses in exchange for additional MPDU units. The bonus is capped at 15% which is the required amount of MPDU units for mixed-use zones. There is consequently no way to encourage additional MPDUs in mixed-use zones.

With the dearth of available vacant land in the City, new owner-occupied units have tended to be built in condominium regimes. Based on the lack of developable land it is believed this trend will only intensify. Moderate-income households frequently have difficulty paying both mortgage payments and condominium fees as the condo fees are not limited/regulated. That circumstance can make MPDU units difficult to sell and impacts the overall effectiveness of the program moving forward.

The ordinance also makes provision for developers to substitute cash or land instead of building MPDU units provided substantially more affordable housing units can be provided. There are however, no specific criteria for making such substitutions

The preceding are examples of potential improvements to the MPDU ordinance. It is recommended that a complete review of the MPDU ordinance be undertaken in order to deal with the issues previously described and to make revisions that would make the Ordinance more effective in light of current conditions. Furthermore, The City should make every effort to preserve and assist to enhance the few aging multifamily rental developments in Rockville. These units are an important component of the moderately priced housing supply currently available. Policies and programs should be established to preserve these properties and to discourage their redevelopment as higher priced housing.

IV. Maintaining “Community”

It is accepted that new housing development will be overwhelmingly focused in the multi-family space. Nevertheless, it is believed Rockville can still continue to achieve its history/tradition of neighborhood identity and sense of community. It is therefore important that new developments are built in such a way as to maintain that tradition of community. For the sake of this recommendation we would like to define what “community” means. That definition is those that live and/or work within the City limits who share common goals, government and values. Rockville’s community prioritizes safety, cultural and economic diversity, the arts, education and accessibility to services and transit. Rockville’s residents have the opportunity to participate in government and planning and interact with others through common experience. Another key component of community is livability (accessible amenities-parks and green areas as well as bike and walking paths).

The development of the Rockville Town Center in recent years has demonstrated how a multi-family development or developments can be integrated into a comprehensive plan in such a way as to create the overall sense of community desired by the committee. It is therefore recommended that whenever possible new development, particularly in mixed use zones be provided in such a way as to create a physical sense of community and livability. We also understand that most new developments will occur organically and block-by-block, so a variety of use types (apartment vs. town home, retail vs. office, etc.) must be allowed to develop individually yet within a comprehensive plan to allow for successful place making overtime. By providing flexibility in requirements on a case by case basis while meeting the goals of an adopted comprehensive plan, the City can promote communities with a more comprehensive set of housing and use types.

It is also believed that larger units within multi-family (2-3 bedrooms) will provide housing opportunities to families, a centerpiece to the sense of community Rockville hopes to maintain. Larger units will also meet the needs of active seniors who may wish to leave their houses for apartment living. On the other hand, developers can and will always look to maximize profits and it is understood that smaller units facilitate that goal. It is recommended that policy makers consider opportunities to perhaps increase densities, lower impact taxes, or other proffers and restrictions in certain situations so that developers can provide a mix of housing types and sizes while maintaining the bottom

line. In addition, the City should explore what specific locations should be zoned for higher density. Specifically near Metro access. Perhaps a policy could be implemented in which the City works with developers to allow for higher density in some areas in exchange for an increased number of larger units (2-3 bedrooms).

Current City open space, forestry, parking, and utility requirements that are applied to individual developments create de facto limits on developable area. This increases development costs (which are passed through via increased housing costs) and limits supply (which also drives up housing costs). Applying these strict requirements to areas in which the City wants to promote development results in expensive housing, pressure for more “sprawling” redevelopment, and piecemeal or inefficient open spaces.

We recommend reexamining these requirements within a comprehensive context to allow for more focused and efficient redevelopment. For example, encouraging neighboring property owners to work together to create larger open space or allowing developments in town center areas to place trees in offsite parks will promote a comprehensive approach that allows for both walk-able town centers and large usable open spaces.

The City can also take a proactive approach to community facilities in new developments by working with private developers to lease and operate public or semi-public uses within new developments (such as the library and VisArts in Town Center).

V. Green Development

It would be foolish to understate or ignore the effect development can have upon the environment. Each day we are reminded by the media about global warming, increasing petroleum costs, water and air pollution, etc. City policies and codes have been changing in an effort to preserve and maintain our environment. These efforts should be continued.

It is therefore recommended that means be identified to maximize and improve green development techniques required in current City building codes. But green development can be expensive. It is recommended the City closely review whether tax and other incentives should be used to assist in green development in renovation and new development or should it remain a cost of doing business. The latter will however, be reflected in the cost of housing.

It is recommended that means be identified to maximize and improve green development techniques required in current City building codes. Conceptually the committee is in full support of green development but acknowledges that without exploring incentives it can increase costs thereby decreasing affordability. One inexpensive way to achieve green development is by using rooftops for amenities (where possible). This green rooftop space will help some potentially make the

transition from single family to multi-family homes easier on residents and further establish the sense of community desired.

VI. Single Family Housing Stock

Rockville's current housing stock is comprised largely of single family homes (65%). As development occurs, given the limit of developable land, most new housing stock will be multi-family. It is accepted that as growth in the multi-family housing stock occurs the relative percentage of single family housing stock in the community will decrease. However, it is vital that protection and preservation of current single family neighborhoods should remain a component of future plans. In order to reduce redevelopment pressure on single family neighborhoods, future planning should make an effort to promote growth and redevelopment in all zones, at nodes (such as transit hubs or near existing "centers").

VII. Maintaining and Preserving Existing Housing Stock

To support the above recommendation requires acknowledgement that a significant portion of the single family housing stock is aging. It is believed the single family neighborhoods are a pillar of Rockville's sense of "community" and what makes the city attractive to its residents. As the single family housing stock continues to age, risk of the deterioration of those neighborhoods increases. The City must identify ways to facilitate and/or incentivize the upkeep of single family housing stock. There are several traditional ways this can be done. City and/or County-subsidized low interest rehabilitation loans or grants are currently available and should remain available. Though it should be noted the grants and loans currently in place are limited to low income homeowners. However, data shows very few single family homes are owned by low income residents. Policy makers should explore ways to extend those incentives to all residents who actually do and will occupy the single family stock, regardless of income bracket.

It is also recommended policy makers explore the viability of tax incentives for qualified single family home renovations not unlike those available to owners in historic homes. Although these approaches would likely serve as effective tools in achieving their goal those tax credits and/or grants obviously do come with a cost to the City and its residents. Some other possible approaches include.

1. The City can engage the private sector for financial assistance
2. The City should lobby the County and State for possible resources/funds
3. By taking a more accommodative stance toward business perhaps the City can engage the banking and business community to help subsidize low interest rehabilitation options
4. Improve and continue to enforce housing code
5. Expedite don't impede the permitting process for building/renovation
6. Target elderly with incentives to assist them to "age in place"

Finally, the City should make every effort to preserve and assist in enhancing the few aging multifamily rental developments in Rockville. These units are an important component of the moderately priced housing supply currently available. Policies and programs should be established to preserve these properties and to discourage their redevelopment as higher priced housing. It should be noted that some members expressed concern about this recommendation as it can limit options for redevelopment which may limit new supply and create upward pressure on housing costs

VIII. APFO

After extensive review and considerable discussion about the Adequate Public Facilities Ordinance the committee has determined policy makers should give significant consideration to modifying Rockville's APFO to mirror that of Montgomery County's. The primary reason for this recommendation is the impact the school occupancy portion of the APFO has on residential development. The City does not have domain over the schools. That authority lies with the county. To limit development based on something out of Rockville's control is not in the best interest of the City. Furthermore, it is believed a modification of the City's APFO will go a long way in creating the impression it is welcoming to development and businesses by removing some of the roadblocks between the Private sector and the City.

Conclusion

Although Rockville faces challenges with a growing population, aging housing stock and increased development it is believed there is tremendous opportunity for the City to become an alternative to what many residents see as "over-development" in the surrounding areas. Growth and development are realities the City must accept but the above recommendations can have significant impact on our ability to manage that growth while maintaining Rockville's uniqueness, economic and ethnic diversity, and the sense of community Rockville is known for. It is believed continued input from residents and the business community as part of the planning process is critical moving forward. However, there should be reasonable limits placed on the timeframe for that input. The committee believes it is critical the City should make efforts to becoming more supportive to its business community. We are confident this can be done while maintaining Rockville's traditions, its neighborhoods, its diversity and sense of community

Appendix

Committee Chair-

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Committee Members-

Stacy Brooks
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Meeting Schedule- The committee met twice a month beginning June 27, 2012 and concluding October 10, 2012. There were also meetings added on 10/01/12 and 10/8/12